



WEEKLY REPORT

ARIZONA STATE RETIREMENT SYSTEM

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3300 North Central Avenue, Phoenix, Arizona 85012

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For the Period ending Friday, May 24, 2002.

****Please forward this or make it available to your employees****

This Week's News:

The Legislature adjourned Sine Die at 5:45 p.m., Thursday, May 23.

There were 14 bills directly affecting the ASRS introduced in the Legislature this session. The Governor signed SB 1095 (ASRS; federal conforming changes; with Return To Work). SB 1095 bears an emergency clause and became effective upon the Governor's signing.

HB 2558 (retirees; health insurance; enhanced subsidy) passed the Senate on a 19-6-5 vote. It was sent to the Governor Monday May 20. We await news of the Governor's signing.

The other bills that affected the ASRS all failed and their individual deaths were as follows:

- HB 2211 (ASRS; retirees; graded multiplier increase) passed House RGO but was never heard in House APPROPS.
- HB 2215 (ASRS; actuarial computation method) passed House RGO but was never heard in House APPROPS.
- HB 2219 (ASRS; retirement window; teachers) was never heard in House RGO
- HB 2225 (ASRS; conforming changes; federal law) failed in House RGO when it was used as a vehicle for a Strike Everything amendment.
- HB 2226 (ASRS; separate account; teachers) failed in House RGO when it was used as a vehicle for a Strike Everything amendment.
- HB 2354 (deferred retirement option plans) passed House RGO, but was never heard in House APPROPS.
- HB 2379 (ASRS; retirees; graded multiplier increase) passed House RGO but was never heard in House APPROPS.
- SB 1004 (ASRS; spousal consent) passed the Senate by a vote of 28-0-2 but failed in House COW on a 9-45-6 vote.
- SB 1120 (ASRS; retirees; graded multiplier increase) passed the Senate on a 17-11-2 vote. It passed House RGO, but was never heard in House APPROPS.
- SB 1239 (retirees; health insurance; enhanced subsidy) passed the Senate on a 27-0-3 vote and passed House RGO and APPROPS. It was held in House Rules at the request of House leadership.
- SB 1241 (retirees; health insurance; subsidies) was never heard by Senate FIN.

SB 1328 (transportation peace officers; retirement) was never heard by Senate FIN. Changes are noted by: ***bold, italics, underscored***

This Session's Bills:

SENATE BILLS

SB 1004 (ASRS; spousal consent)

By Sens. Smith and Cirillo

As Passed the Senate: Requires a married ASRS member to take a joint and survivor option (the default) unless the member's spouse consents to the member choosing an alternative option. A 50% joint and survivor option is the default option if the married member fails to make a choice. An unmarried member is automatically eligible for the straight life option unless they choose otherwise. Provides that the ASRS and its Board are not liable for payment or payments not made in reliance on the consent or waiver of a member's spouse or the affirmations of a member made in applications to the ASRS.

Appropriates \$125,558 from the ASRS administration account to implement the act, and it authorizes 1.5 FTEs. Effective July 1, 2003.

Amended in Hse. RGO to allow retirees who have elected a life certain option to "pop up."

Status: Passed Sen. Third Read 03/28/02, 28-0-2. Failed Hse. COW 05/01/02, DPA 9-45-6 as amended in Hse. RGO.

Admin Costs: **As Passed the Senate:** \$125,558 for printing new forms, computer programming costs and 1.5 new FTEs.

Actuarial Costs: **As Passed the Senate:** None expected

Hse. RGO Amendment: Unfunded liability of \$32.1 million, an increase in the contribution rate for all employers and employees of 0.03% each, which is a combined cost of \$469,000 more in annual contributions for 17 years.

SB 1095 (ASRS; federal conforming changes)—Signed by Governor Hull 05/15/02, Ch. 213

By Sen. Cirillo

As Signed by Governor Hull: Repeals the scheduled June 30, 2003, Sunset of the Return to Work Program. The Return to Work Program allows all ASRS retired members who have achieved normal retirement to return to work one year after terminating employment. The member continues to receive all retirement benefits, but does not make any retirement or LTD contributions to the ASRS. The member receives a salary they negotiate with the ASRS employer, but the member does not accrue any additional benefits in the ASRS, nor is the member eligible for LTD benefits.

Additionally, SB 1095 conforms state law to changes in federal law resulting from the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTERRA). The law:

- Increases the annual benefit limit for defined benefit plans to \$160,000.
- Increases the annual contribution limits under 415(c) to the lesser of 100% of compensation or \$40,000, indexed in \$1,000 increments.
- Increases the amount of compensation that may be taken into account under qualified retirement plans to \$200,000, indexed in \$5,000 increments.

- Repeals coordination requirements for 457 plans, so that 457 contributions are not limited by 401(k)/403(b) contributions.
- After December 31, 2001, permits funds from IRAs, 403(b) and 457 plans to be transferred on a pre-tax basis to purchase permissive service credit, or to repay prior cash outs, in governmental defined benefit plans.

Appropriates \$270,342 from the ASRS administration account to implement the act, and it authorizes 5 FTEs.

Status: Passed Sen. Third Read 03/28/02, 28-0-2. Passed Hse. Third Read 05/02/02, 57-0-3. Passed Senate Final Read 05/09/02, 27-0-3. Signed by Governor Hull 05/15/02—chapter 213.

Admin Costs: **As Signed by Governor Hull:** \$270,342 to include 5 FTEs.

Actuarial Costs: **As Signed by Governor Hull:** Actuarial letter has been received stating no cost.

SB 1120 (ASRS; retirees; graded multiplier increase)

By Sens. Hamilton and Gerard

As Passed the Senate: Provides members or their beneficiaries who were receiving benefits on May 8, 2001, under the ASRS defined benefit program, a one-time permanent benefit increase based on years of service, from 2.38% to 9.52%, matching the graded multiplier passed in the 2001 session.

Amended in Hse. RGO to appropriate \$255,000 to the ASRS for the implementation of this act.

Status: Passed Sen. Third Read 03/28/02, 17-11-2. Assigned Hse. RGO and Hse. APPROP. Passed Hse. RGO 04/09/02, DPA 8-0-0-2. **DEAD**

Admin Costs: **As Passed the Senate:** \$255,428 for mailing, equipment and professional outside services.

Actuarial Costs: **As Passed the Senate:** Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each, which is a combined cost of \$33 million more in annual contributions for 17 years.

SB 1239 (retirees; health insurance; enhanced subsidy)

By Sen. Arzberger and 7 co-sponsors

As Passed the Senate: Extends the enhanced health insurance premium benefit to ASRS retirees and LTD recipients who live outside of Arizona. Clarifies the definition of “non service areas.” Retroactively effective to June 30, 2001.

Amended in Hse. RGO to be the same as HB 2558, including extending the program from 2003 to 2004.

Status: Passed Sen. Third Read 04/01/02, 27-0-3. Assigned Hse. RGO and Hse. APPROP. Passed Hse. RGO 04/09/02, DPA 7-0-0-3. Scheduled Hse.

APPROP 04/16/02. Passed Hse. APPROP 04/16/02, DP 8-2-0-6. Not yet heard in Hse. Rules. **DEAD**

Admin Costs: **As Passed the Senate:** \$370,000.

Actuarial Costs: **As Passed the Senate:** Unfunded liability of \$1.58 million, an increase in contribution rate for all employers and employees of 0.0013% each which is a combined cost of \$160,848 more in annual contributions for 17 years.

As Amended in Hse. RGO: Unfunded liability of \$11.6 million, an increase in contribution rate for all employers and employees of 0.0113% each which is a combined cost of \$1.16 million more in annual contributions for 17 years.

SB 1241 (retirees; health insurance; subsidies)

By Sen. Arzberger and 11 co-sponsors

Extends the enhanced health insurance premium benefit to ASRS retirees and LTD recipients who live outside of Arizona, clarifies the definition of “non service areas, “ and makes technical changes. This bill is retroactively effective to June 30, 2001.

Status: Assigned to Sen. FIN. **DEAD**

Admin Costs: \$370,260.

Actuarial Costs: Unfunded liability of \$1.58 million, an increase in contribution rate for all employers and employees of 0.0013% each which is a combined cost of \$160,848 more in annual contributions for 17 years.

SB 1328 (transportation peace officers; retirement)

By Sen. Mitchell and 19 co-sponsors

Transfers Department of Transportation certified peace officers from the ASRS to PSPRS.

Status: Assigned to Sen. FIN. **DEAD**

Admin Costs: None expected.

Actuarial Costs: None expected.

HOUSE BILLS

HB 2211 (ASRS; retirees; graded multiplier increase)

By Reps. Brimhall and Graf

Amended in Hse. RGO to provide that members or their beneficiaries who were receiving benefits on May 8, 2001, under the ASRS defined benefit program, a one-time permanent benefit increase based on years of service from 2.38% to 9.52%, matching the graded multiplier passed in the 2001 session. As introduced, this bill is identical to SB 1120. As amended, this bill is identical to HB 2379.

Status: Assigned to Hse. RGO and Hse. APPROPS. Passed Hse. RGO 03/22/02, DPA 6-0-0-4. **DEAD**

Admin Costs: \$255,428 for mailing, equipment and professional outside services.

Actuarial Costs: Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each which is a combined cost of \$33 million more in annual contributions for 17 years.

HB 2215 (ASRS; actuarial computation method)

By Reps. Brimhall and Graf

Changes the method of valuing the ASRS assets from the Projected Unit Credit (PUC) method to the Entry Age Normal (EAN) method beginning June 30, 2003. Amended in Hse. RGO to provide that commencing July 1, 2007, employer contributions are to be determined by EAN. HB 2215 also changes the valuation period from 30 years to 20 years. Note: The Governor vetoed a similar bill last session.

Status: Assigned to Hse. RGO and Hse. APPROPS. Passed Hse. RGO 03/19/02, DPA 6-1-2-1. **DEAD**

Admin Costs: None expected.

Actuarial Costs: Unfunded liability of \$228 million in 2011, an increase in contribution rate for all employers and employees ranges from 2.08% to 5.94%.

HB 2219 (ASRS; retirement window; teachers)

By Reps. Brimhall and Graf

Provides an early retirement window for Tier 1 (educational) employees who retire between June 30 and September 1, 2002. Allows employees to add six years of age to reach normal retirement age or early retirement at 77 points, and add three years of credited service for the purpose of calculating their retirement benefit.

Status: Assigned to Hse. Education, Hse. RGO, Hse. APPROPS. **DEAD**

Admin Costs: First year cost of \$3.6 million and \$529,000 per year thereafter.

Actuarial Costs: Unfunded liability of \$2.18 billion which reduces the Fund to only 96.5% funded, an increase in contribution rate for all employers and employees of 2.83% each which is a combined cost of \$209.9 more in annual contributions for 17 years.

HB 2225 (ASRS; conforming changes; federal law)

By Reps. Brimhall and Graf

(STRIKE EVERYTHING AMENDMENT SUBJECT: abortion; fetal pain)

Conforms state law to the recent changes in federal law passed in the EGTERRA. It provides:

- Increases the annual benefit limit for defined benefit plans to \$160,000.
- Increases the annual contribution limits under 415(c) to the lesser of 100% of compensation or \$40,000, indexed in \$1,000 increments.
- Increases the amount of compensation that may be taken into account under qualified retirement plans to \$200,000, indexed in \$5,000 increments.
- Repeals coordination requirements for 457 plans, so that 457 contributions are not limited by 401(k)/403(b) contributions.
- After December 31, 2001, permits funds from IRAs, 403(b) and 457 plans to be transferred on a pre-tax basis to purchase permissive service credit, or to repay prior cash outs in governmental defined benefit plans.

Status: Assigned to Hse. RGO. Hse. RGO 03/22/02, S/E FAILED 4-4-0-2. **DEAD**

Admin Costs: \$270,342 to include 5 FTEs. An amendment for the administrative costs has been requested.

Actuarial Costs: Actuarial letter has been received stating no cost.

HB 2226 (ASRS; separate account; teachers)

By Reps. Brimhall and Graf

(STRIKE EVERYTHING AMENDMENT SUBJECT: credit reports; consumer copy)

Divides the ASRS employers into two groups. Tier 1 employers are each state university, each school district, each charter school, each community college district and the AZ School for the Deaf and Blind. Tier 2 employers are the state and all political subdivisions that are not included in the Tier 1 definition. HB 2226 requires the ASRS to account Tier 1 employers separately, and provide them with an actuarially determined contribution rate. Employees are allowed to transfer between employers.

Status: Assigned to Hse. RGO. Hse. RGO 3/19/02, S/E FAILED 5-4-0-1. **DEAD**

Admin Costs: First year cost of \$4.1 million and \$964,000 per year thereafter including 14 new FTEs.

Actuarial Costs: An increase in the contribution rate for all employers and employees in the Tier 2 group of 0.40%, a decrease in contribution rate for all employers and employees in the Tier 1 group of 0.14%. Rate changes assume 0% return on investments for the current year.

HB 2354 (deferred retirement option plans)

By Reps. Voss, Brotherton, and Sen. Richardson

Establishes a second voluntary DROP program for ASRS, EORP and CORP members that would start July 1, 2003, and extend through July 1, 2008. Generally, this DROP would allow an ASRS member, who has attained normal retirement age, to opt to extend employment up to five years, but not accrue additional benefits in the defined benefit plan. Instead the member's pension would be paid into a separate account and invested. At the end of the period chosen by the employee, the benefit from the separate account would be paid in a lump sum or as an annuity.

Status: Assigned to Hse. RGO and Hse. APPROPS. Passed Hse. RGO 2/05/02, DPA 8-1-1-0. **DEAD**

Admin Costs: \$793,846.

Actuarial Costs: Unfunded liability of \$135.2 million, an increase in contribution rate for all employers and employees of 0.28%.

HB 2379 (ASRS; retirees; graded multiplier increase)

By Rep. McClure

Amended in Hse. RGO to provide that members or their beneficiaries who were receiving benefits on May 8, 2001, under the ASRS defined benefit program, a one-time permanent benefit increase based on years of service from 2.38% to 9.52%, matching the graded multiplier passed in the 2001 session. As amended, this bill is identical to HB 2211. As introduced this bill is identical to SB 1120.

Status: Assigned to Hse. RGO and Hse. APPROPS. Passed Hse. RGO 3/19/02, DPA 9-0-0-1. **DEAD**

Admin Costs: \$255,428 for mailing, equipment and professional outside services.

Actuarial Costs: Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each which is a combined cost of \$33 million more in annual contributions for 17 years.

HB 2558 (retirees; health insurance; enhanced subsidy)

By Rep. Carruthers and 7 co-sponsors

As Transmitted to Governor Hull: Extends the enhanced health insurance premium benefit for rural (non-service) areas from June 30, 2003 to June 30, 2004. Clarifies that the enhanced health insurance premium benefit is in addition to the permanent health insurance premium benefit, applies the incremental health insurance premium benefit percentage increase based on years of service between 5 to 10 years to the enhanced health insurance premium benefit, and clarifies the definition of "non-service area."

Status: Passed Hse. Third Read 04/08/02, 49-0-11. Transmitted to the Senate 4/10/02. Assigned Sen. FIN. Discharged Sen. FIN 04/18/02. Discharged Sen. Rules 04/18/02. Passed Sen. Caucus 05/06/02. Passed Sen. COW 05/08/02, DP. Scheduled Sen. Third Read 05/17/02. **Transmitted to the House 05/20/02. Transmitted to Governor Hull 05/20/02.**

Admin Costs: **As Transmitted to Governor Hull:** \$370,000.

Actuarial Costs: **As Transmitted to Governor Hull:** Unfunded liability of \$11.6 million, an increase in the contribution rate for all employers and employees of 0.0113% each which is a combined cost of \$1.16 million more in annual contributions for 17 years.

TIER 2 (BILL NOT FILED)

This proposal may be introduced in an omnibus budget reconciliation bill. It would provide three years of age to bring a state or local government employee to a normal retirement age or early retirement under the point system (77 points), and add three years of credited service to the account of qualified employees for the purpose of calculating the employee's retirement benefit. The window would be open from July 1, 2002 though September 30, 2002. This proposal is subject to change.

Status: Not introduced. The original supporters of this proposal appear to support it no longer due to the high cost. **ISSUE is DEAD** for this session.

Admin Costs:

Actuarial Costs: Unfunded liability of \$654.2 million, an increase in the contribution rate for all employers and employees of 1.76% each which is a combined cost of \$1.18 billion.

OTHER SYSTEM BILLS
(Summaries as Introduced)

HB 2023 (PSPRS; deferred retirement date) DEAD

By Reps. Carpenter and O'Halleran

A technical amendment to provide that a PSPRS member entering the DROP stops accruing benefits in the PSPRS the day after he or she enters the DROP.

HB 2024 (fire fighters' pension; technical correction) DEAD

By Reps. Carpenter and O'Halleran

A technical amendment to Title 9 to ensure that distribution of insurance premium taxes that are designated for fire districts go to fire districts.

HB 2081 (PSPRS; prior service; redemption)—Signed by Governor Hull 04/09/02, Ch. 13.

By Reps. Cannell, Carruthers, and Sen. Guenther and 2 co-sponsors

Allows PSPRS members to redeem prior service with an employer member of PSPRS by paying the amount of the employer and employee contributions plus interest and any additional actuarial costs as determined by the PSPRS actuary.

HB 2118 (PSPRS; CORP; EORP; retirement benefits)—Transmitted to Governor Hull 05/21/02.

By Rep. Blendu and 17 co-sponsors

Increases survivor benefits for the PSPRS, CORP, and the EORP. Makes the PSPRS DROP permanent and modifies disability requirements within DROP and applies a 2% tax equity benefit for PSPRS and EORP members.

HB 2288 (Retirement; PSPRS disability) DEAD

By Rep. Carruthers

The multiplier governing disability payments under the PSPRS is revised, apparently to increase payments.

HB 2372 (Retirement; PSPRS)—Signed by Governor Hull 05/21/02.

By Rep. Marsh

Allows PSPRS members to purchase credited service in the PSPRS based prior public service for which they are not receiving a benefit. The member must pay the amount of employer and employee contributions plus interest on the previous public service, if any, and an actuarial amount calculated by the PSPRS actuary for the cost of the service to be purchased.

HB 2373 (county employee insurance; payment)—Signed by Governor Hull 05/06/02, Ch. 143.

By Reps. Marsh and Avelar and 3 co-sponsors

Allows public funds to be expended to pay all or any part of the insurance premiums for former county employees who are retired and receiving income from a retirement program of the State of Arizona and their dependents.

HCR 2022 (Judge Retirement Age) DEAD

By Rep. Camarot

The 2002 general election ballot is to carry the question of amending the state constitution to raise the mandatory judicial retirement age from 70 to 75.

LEGEND

AMEND C&P	Constitutional and Proper as Amended by the House Rules Committee
ASRS	Arizona State Retirement System
C&P	Constitutional and Proper
CORP	Corrections Officer Retirement Plan
COW	Committee of the Whole
DP	Do Pass
DPA	Do Pass as Amended
DROP	Deferred Retirement Option Plan
EAN	Entry Age Normal
EORP	Elected Officials' Retirement Plan
FIN	Finance Committee
FII	Financial Institutions and Insurance Committee
IRS	Internal Revenue Service
LTD	Long Term Disability
PBI	Permanent Benefit Increase
PIRA	Public Institutions and Rural Affairs Committee
PFC	Proper for Consideration
PFCA	Proper for Consideration as Amended by the Senate Rules Committee
PUC	Projected Unit Credit
PSPRS	Public Safety Personnel Retirement System
RGO	Retirement and Government Operations Committee
S/E	Strike Everything Amendment
W&M	Ways and Means Committee

**The weekly legislative report is available on-line at the ASRS Web site:
www.asrs.state.az.us**

The ASRS External Operations Division and the Legislative Board Committee usually meets each Friday during the legislative session. The meetings are held in the 14th floor conference room of the ASRS office located at 3300 North Central Avenue, Phoenix, AZ., and are open to the public. The purpose of these meetings is to review legislative activity on retirement bills from the previous week, and to review the scheduled bill activity in committees and on the floor for the upcoming week. Committee members ask technical and background questions, and reviews the latest information gathered from the Capitol and retirement groups from around the state. The meeting is teleconferenced to the ASRS Tucson office located at 7660 East Broadway Boulevard, Tucson, AZ. Please call any of the numbers below for time and details of Friday Legislative Board Committee meetings.

If you have questions relating to legislation, please call Tom Finnerty at (602) 240-2027 in metro Phoenix, (520) 239-3100 extension 2027 in

**metro Tucson, or (800) 621-3778 extension 2027 outside metro
Phoenix and Tucson.**

Quick Reference
ASRS Related Retirement Legislation
(For the Period Ending Friday, May 24, 2002)

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
SENATE BILLS			
SB 1004 – ASRS; spousal consent by Smith & Cirillo As Passed the Senate: Requires a married ASRS member to take a joint and survivor option unless the member's spouse consents to the member choosing a different option. The 50% joint and survivor option is the default option if the married member fails to make a choice. The straight life option is the default option for an unmarried member unless they choose otherwise. Appropriates \$125,558 from the ASRS admin. account, and authorizes 1.5 FTEs. Effective July 1, 2003. Amended in Hse. RGO to allow retirees who have elected a life certain option to "pop up."	Passed Senate 28-0-2. Assigned: Hse. RGO. Status: Hse. COW DPA 9-45-6, as amended by Hse. RGO. FAILED	As Passed the Senate: \$125,558 for printing new forms, computer programming costs and 1.5 new FTEs.	As Passed the Senate: None expected. Hse. RGO Amendment: Unfunded liability of \$32.1 million, an increase in the contribution rate for all employers and employees of 0.03% each, which is a combined cost of \$469,000 more in annual contributions for 17 years.
SB 1095 (Ch. 213) – ASRS; federal conforming changes by Cirillo As Signed by Governor Hull: Conforms the ASRS statutes to recent changes in federal laws and repeals the sunset of the return to work program. Appropriates \$270,342 from the ASRS admin. account, and authorizes 5 FTEs.	Passed Senate 28-0-2. Passed House 57-0-3. Status: Transmitted to the Senate 05/02/02. Senate Concur. Passed Sen. Final Read 27-0-3. Signed by the Governor.	As Signed by Governor Hull: \$270,342 to include 5 FTEs.	As Signed by Governor Hull: Actuarial letter has been received stating no cost.
SB 1120 - ASRS; retirees; graded multiplier increase by Hamilton & Gerard As Passed the Senate: Provides a one-time benefit increase that is based on years of service, to members retired on or before May 8, 2001. Amended in Hse. RGO to appropriate \$255,000 to the ASRS for the implementation of this act.	Passed Senate 17-11-2. Assigned: Hse. RGO. Hse. APPROP. Status: Passed Hse. RGO DPA 8-0-0-2. Awaiting Hse. APPROP. DEAD	As Passed the Senate: \$255,428 for mailing, equipment and professional outside services.	As Passed the Senate: Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each which is a combined cost of \$33 million more in annual contributions for 17 years.
SB 1239 – retirees; health insurance; enhanced subsidy by Arzberger, Rios, Brown & Guenther and 4 As Passed the Senate: Extends the enhanced health insurance premium benefit to ASRS retirees and LTD recipients who live outside of Arizona. Clarifies the definition of "non service areas." Retroactively effective to June 30, 2001. Amended in Hse. RGO to be the same as HB 2558, including extending the program from 2003 to 2004.	Passed Senate 27-0-3. Assigned: Hse. RGO. Hse. APPROP. Status: Passed Hse. RGO DPA 7-0-0-3. Passed Hse. APPROP DP 8-2-0-6. Awaiting Hse. Rules. DEAD	As Passed the Senate: \$370,000.	As Passed the Senate: Unfunded liability of \$1.58 million, a hypothetical increase in contribution rate for all employers and employees of 0.0013% each which is a combined cost of \$160,848 more in annual contributions for 17 years. As Amended in Hse. RGO: Unfunded liability for \$11.6 million, an increase in contribution rate for all employers and employees for 0.0113% each which is a

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
SENATE BILLS			
			combined cost of \$1.16 million more in annual contributions for 17 years.
SB 1241 – retirees; health insurance; subsidies by Arzberger, Guenther & Verkamp and 9 Allows the subsidy to be paid to members with 10 or more years of service, clarifies the definition on non-service area, clarifies the subsidy is in addition to the regular amount, and allows members residing in a different state to receive the subsidy.	Assigned: Sen. FIN. Status: Awaiting Sen. FIN. DEAD	\$370,260.	Unfunded liability of \$1.58 million, a hypothetical increase in contribution rate for all employers and employees of 0.0013% each which is a combined cost of \$160,848 more in annual contributions for 17 years.
SB 1328 – transportation peace officers; retirement by Mitchell and 19 Allows ADOT peace officers to contribute to PSPRS.	Assigned: Sen. FIN Status: Awaiting Sen. FIN. DEAD	None expected.	None expected.

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
HOUSE BILLS			
HB 2211 – ASRS; retirees; graded multiplier increase by Brimhall & Graf Amended in Committee to provide members or their beneficiaries who were receiving benefits on May 8, 2001, a one-time benefit increase that is based on years of service.	Assigned: Hse. RGO. Hse. APPROP. Status: Passed Hse. RGO DPA 6-0-0-4. Awaiting Hse. APPROP. DEAD	\$255,428 for mailing, equipment and professional outside services.	Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each which is a combined cost of \$33 million more in annual contributions for 17 years.
HB 2215 – ASRS; actuarial computation method by Brimhall & Graf Changes the actuarial computation method from EAN to PUC. Reduces the amortization period from 30 years to 20 years. Amended in Committee to provide that commencing July 1, 2007, employer contributions are to be determined by EAN.	Assigned: Hse. RGO. Hse. APPROP. Status: Passed Hse. RGO DPA 6-1-2-1. Awaiting Hse. APPROP. DEAD	None expected.	Gradually reduces the surplus over a ten-year period resulting in less than 100% funded by 2011. Gradually increases the contribution rate for employers and employees, attaining a total increase of 2.08% each by 7/1/2011. Note: The actuary estimates that the fund could maintain a fully funded status (100.4% funded) if the transition period was shortened to seven years.
HB 2219 – ASRS; retirement window; teachers by Brimhall & Graf Provides an early retirement window for Tier 1 employees between June 30 and September 1, 2002. May add 6 years to age, and 3 years to service to attain normal retirement. Conditionally enacted upon passage of HB2226.	Assigned: Hse. ED. Hse. RGO. Hse. APPROP. Status: Awaiting Hse. ED. DEAD	First year cost of \$3.6 million and \$529,000 per year thereafter.	Unfunded liability of \$2.18 billion which reduces the Fund to only 96.5% funded, an increase in contribution rate for all employers and employees of 2.83% each which is a combined cost of \$209.9 more in annual contributions for 17 years.
HB 2225 – ASRS; conforming changes; federal law by Brimhall & Graf Conforms the ASRS statutes to recent changes in federal laws. (S/E AMENDMENT: abortion; fetal pain)	Assigned: Hse. RGO. Status: S/E Failed Hse. RGO 4-4-0-2. DEAD	\$270,342 to include 5 FTEs. An amendment for the administrative costs has been requested.	Actuarial letter has been received stating no cost.
HB 2226 – ASRS; separate account; teachers by Brimhall & Graf Divides the ASRS employers into two groups. Requires the ASRS to account Tier 1 employers separately, and provide them with an actuarially determined contribution rate. Allows employees to transfer between employers. (S/E AMENDMENT: credit reports; consumer copy)	Assigned: Hse. RGO. Status: S/E Failed Hse. RGO 5-4-0-1. DEAD	First year cost of \$4.1 million and \$964,000 per year thereafter including 14 new FTEs.	An increase in the contribution rate for all employers and employees in the Tier 2 group of 0.25% each, a decrease in contribution rate for all employers and employees in the Tier 1 group of 0.17% each.
HB 2354 – deferred retirement option plans by Voss & Brotherton, Richardson Establishes a voluntary DROP for active members between July 1, 2003 and June 30, 2008.	Assigned: Hse. RGO. Hse. APPROP. Status: Hse. RGO DPA 8-1-0-1. Awaiting Hse. APPROP.	\$793,846.	Unfunded liability of \$135.2 million, an increase in the contribution rate for all employers and employees of 0.28%.

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
HOUSE BILLS			
	DEAD		
HB 2379 – ASRS; Retirees; graded multiplier increase, aka HB 2211 as amended, SB 1120 as introduced Amended in Committee to provide that members or their beneficiaries who were receiving benefits on May 8, 2001, a one-time benefit increase that is based on years of service. by McClure & Binder and 11	Assigned: Hse. RGO. Hse. APPROP. Status: Passed Hse. RGO DPA 9-0-0-1. Awaiting Hse. APPROP. DEAD	\$255,428 for mailing, equipment and professional outside services.	Unfunded liability of \$328.5 million, an increase in the contribution rate for all employers and employees of 0.26% each which is a combined cost of \$33 million more in annual contributions for 17 years.
HB 2558 – retirees; health insurance; enhanced subsidy by Carruthers and 7 As Transmitted to Governor Hull: Extends the rural health insurance subsidy passed in 2001, until June 30, 2004. Clarifies that the enhanced health insurance premium benefit is in addition to the permanent health insurance premium benefit, applies the incremental health insurance premium benefit percentage increase based on years of service between 5 to 10 years to the enhanced health insurance premium benefit, and clarifies the definition of “non-service area.”	Passed House 49-0-11. Assigned: Sen. FIN. Status: Discharged Sen. FIN. Discharged Sen. Rules. Passed Sen. Caucus. Passed Sen. COW DP. Scheduled Sen. Third Read 05/17/02. Transmitted to the Hse. Transmitted to Governor Hull 05/20/02.	As Transmitted to Governor Hull: \$370,000.	As Transmitted to Governor Hull: Unfunded liability of \$11.6 million, an increase in the contribution rate for all employers and employees of 0.0113% each which is a combined cost of \$1.16 million more in annual contributions for 17 years.
TIER 2 – ASRS; retirement window; local government and state employees. NO BILL FILED. Proposal to create an early retirement window for all employees in Tier 2 of HB 2226 and subtract salary amounts of retiring state employees from the state agency’s budget.	The original supporters of this proposal appear to no longer support it due to the high cost. ISSUE is DEAD for this session.		Unfunded liability of \$654.2 million, an increase in the contribution rate for all employers and employees of 1.76% each which is a combined cost of \$1.18 billion over 17 years.

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